



# Dynamic Workplaces at IBM

**Paul Cathcart** 

pbcathca@us.ibm.com







## Converging Forces Are Leading To The Change In How We Work

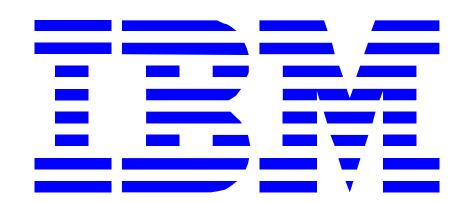
- Desire to reduce costs
- Large complex organizations need the advantages of small ones
- The most important contribution management can make in the 21st century is to insure the productivity of knowledge work and knowledge workers." Peter Drucker
- More mobile and global workers

# IBM's annual report's "Seven shifts that will transform the future" set the stage for Dynamic Workplaces

## Enterprises will dismantle industrial age workplaces

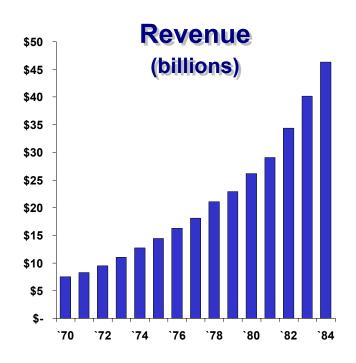
Once, we shoehorned people into office complexes so they could be near the filing cabinets and each other. No longer. "The office" will be discarded in response to a changing workforce with radically different expectations, a marketplace that has no time for bureaucracy (or time zones), and technologies that make the traditional workplace an e-workplace. At IBM, we're not only studying this in our labs—we're also learning about it, and living it, in our e-business-enabled work lives.

**IBM 2001 Annual Report** 

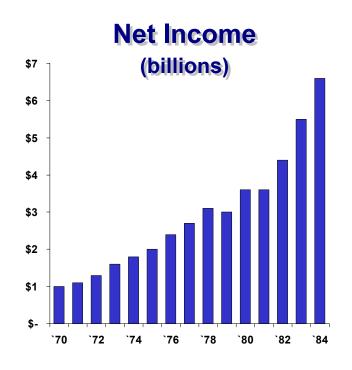


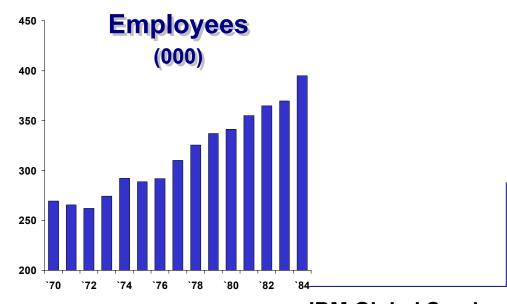
Document #

## The IBM record was stellar

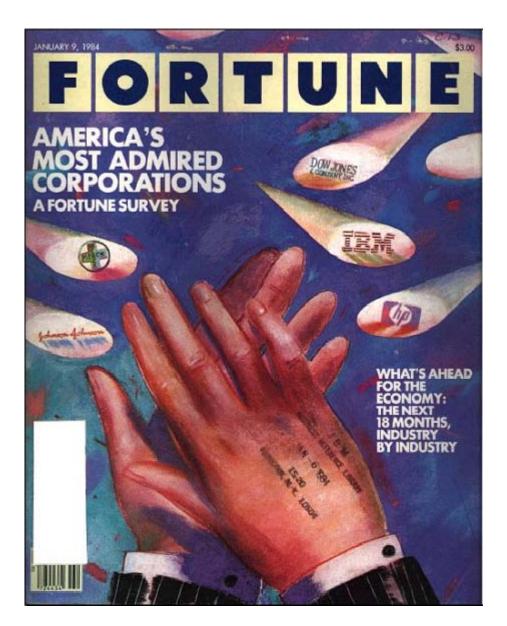


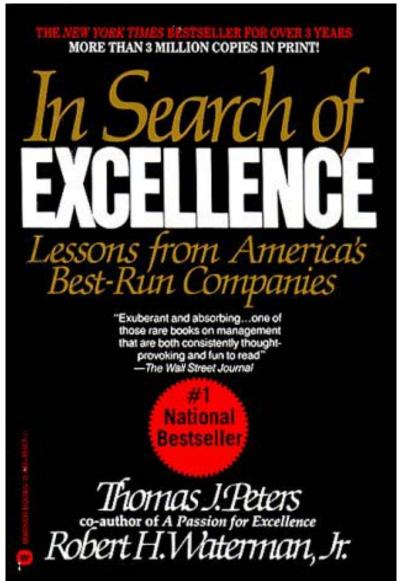




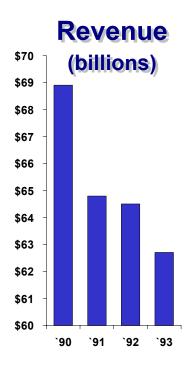


## **IBM** was the standard

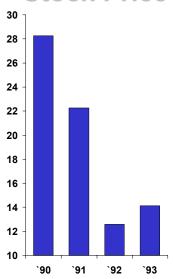




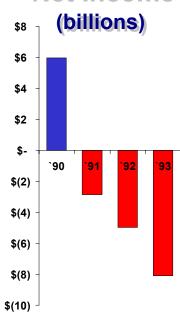
## The bottom fell out



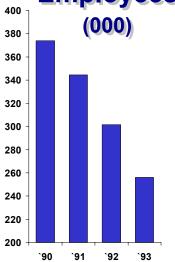
## **Stock Price**



## **Net Income**

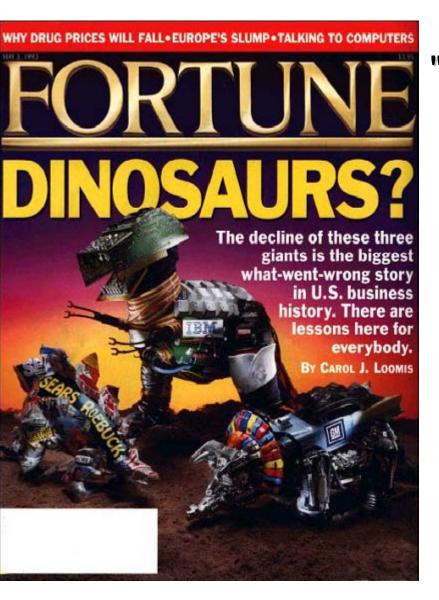


## **Employees**



7

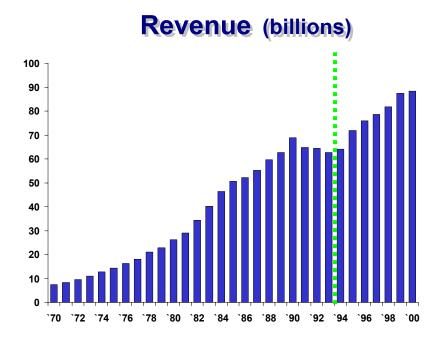
## The eulogies began



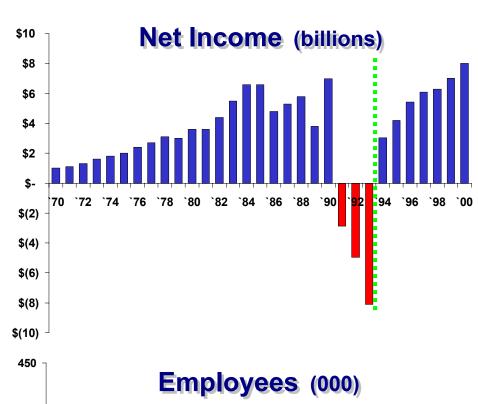
"The IBM Era Is Over ... what was once one of the world's more vaunted high-tech companies has been reduced to the role of a follower, frequently responding slowly and ineffectively to the major technological forces reshaping the industry."

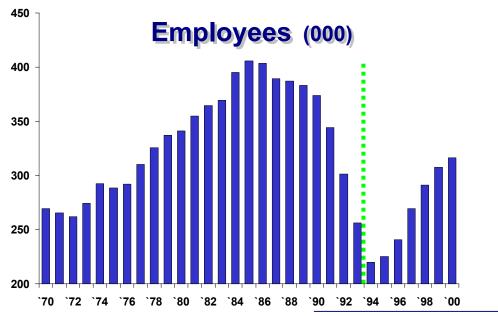
-The New York Times, Dec. 16, 1992

## The turnaround (still going)

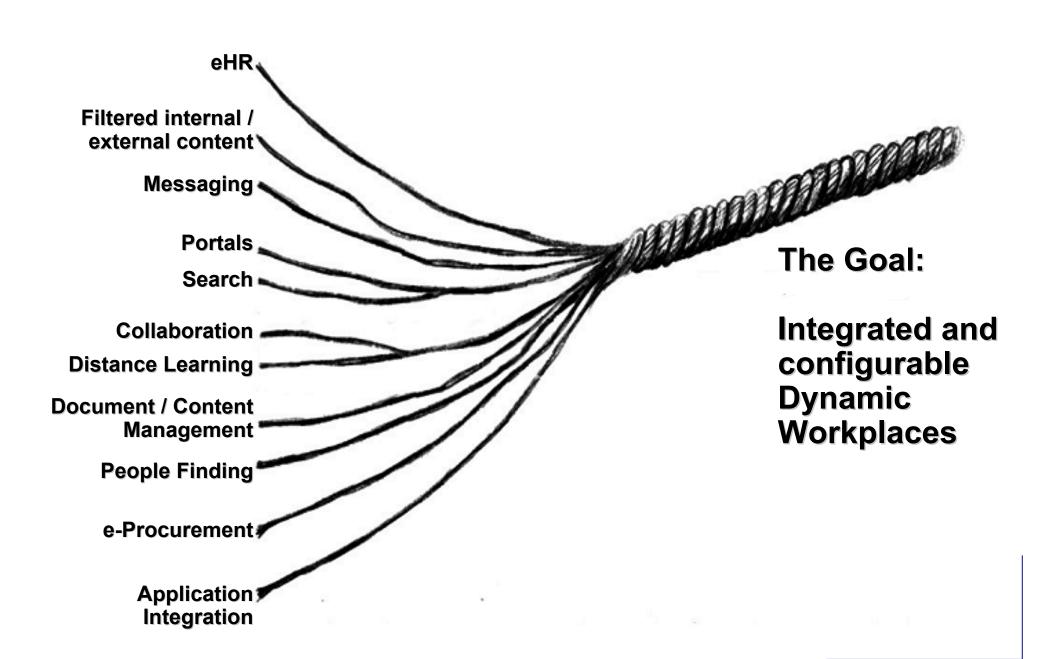








## The Dynamic Workplaces dilemma



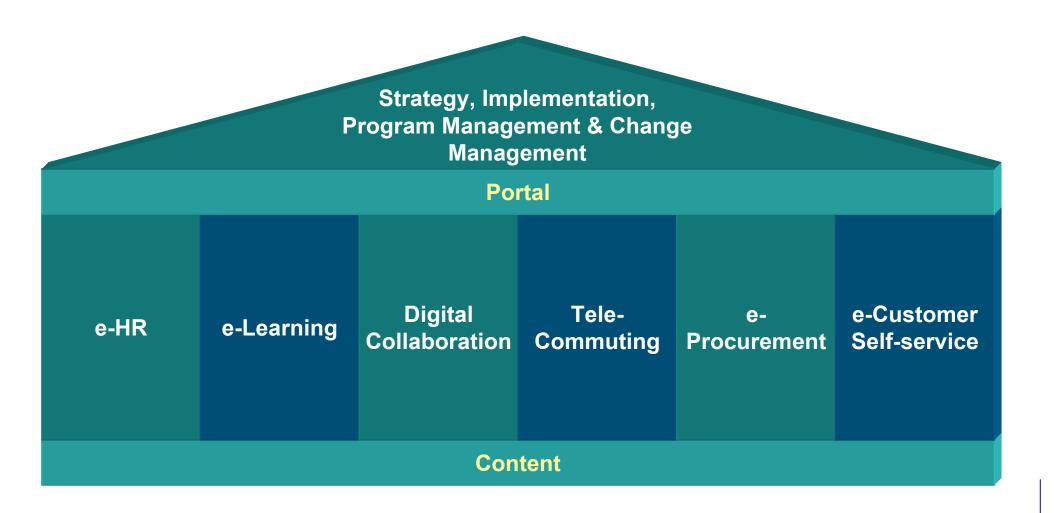
## **Dynamic Workplaces definition**

The combined use of e-business technologies and related techniques to optimize the effectiveness and productivity of

- employee-to-employee,
- employee-to-business,
- employee-to-customer, and
- employee-to-supplier

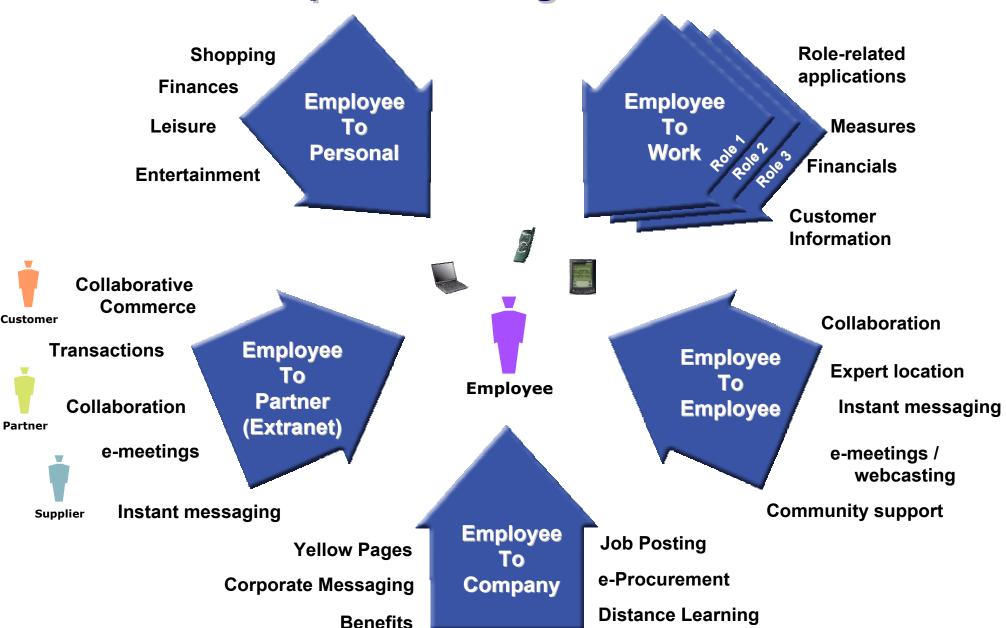
relationships.

## The Dynamic Workplaces is comprised of the following components



## The Roles Model From Sales People to Selling **Shopping Finances Employee** Leisure To

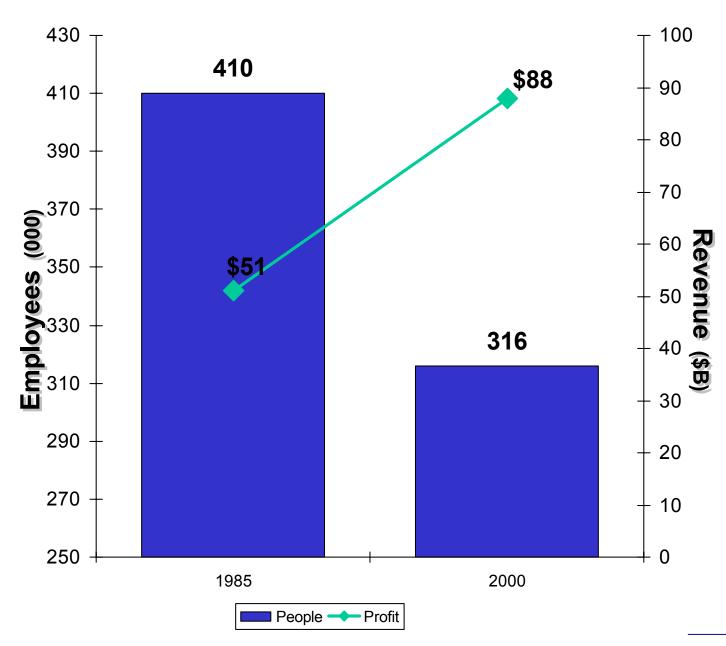
Role-related information sources / aggregation



**IBM Global Services** 

**Self Service HR** 

## Our efforts have resulted in tremendous productivity increases



## IBM's procurement had to be addressed as a part of our transformation

## **Organizational**

- External spend growing in significance to bottom line financial performance.
- Decentralized and unable to effectively leverage spend.
- Procurement viewed as an ineffective administrative function ("order takers").

## **People**

- Tended to be generalists lacking specific expertise/skills.
- Consumed with administrative task and tactically focused.
- End users dissatisfied with procurement resulting in high percentage of "escapes" (maverick buying).

## **Process**

- Inconsistent processes for each business unit/location -commodity definitions
  - -suppliers and contracts
  - -suppliers and contracts -approvals.
- Lacking metrics to monitor and improve performance.
- Ineffective linkage between procurement and payables.
- Need for supplier collaboration

## **Technology**

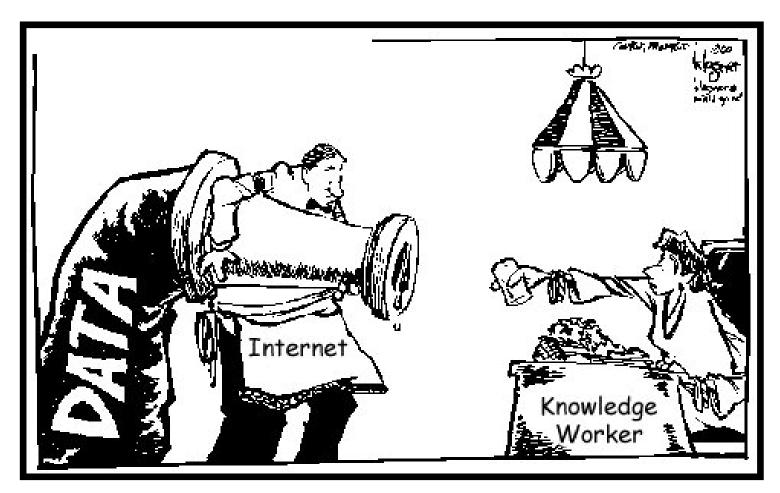
- Lack of information about spend, supplier performance, key trends..
- A patchwork of legacy applications without integration and automation of processes.
- Need to eliminate paper from process to drive end-to-end electronic linkage.
- Need tools to support effective strategic sourcing processes.

## IBM's own Dynamic Workplaces™



**IBM Global Services** 

## The <u>content</u> problem: Availability of vast amounts of web content

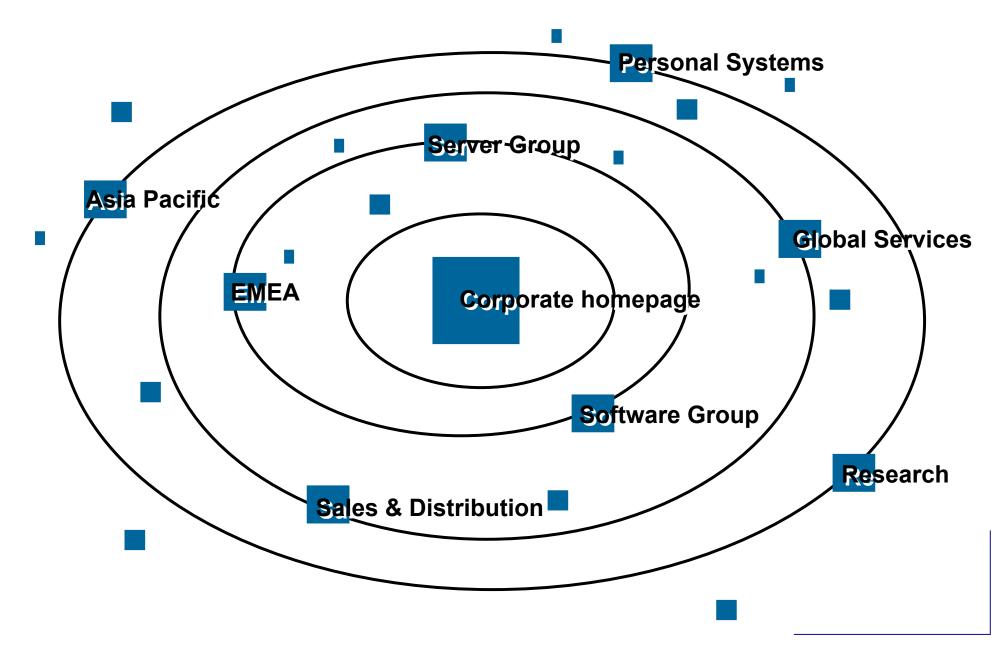


Access = Knowledge Access = Access

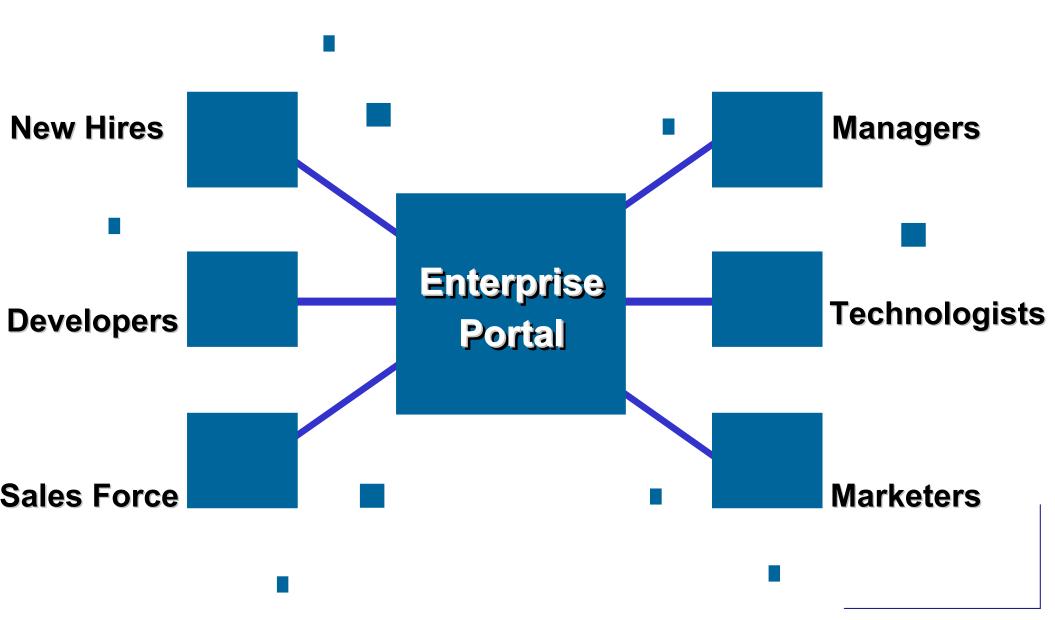
## **IBM's Dynamic Workplaces Strategy**

- Render the complexity of the company irrelevant for employees
  - More than 8,000 intranet sites
    - →680 "major" sites
  - More than 11 million Web pages
  - More than 5,600 domain names

## The Federation Model The org chart online



## The Audience Model From Web sites to Communities



## **IBM's Dynamic Workplaces Strategy**

- Render the complexity of the company irrelevant for employees
- Bring the marketplace inside
  - MyNews
  - Scorecard

## **MyNews**

## Today's News for Scott J. Smith

If you're not Scott J. Smith, please click here.

20 June 2001

[ MyNews en français | Text-only MyNews ]

< <u>Mon</u> <u>Tue</u> Wed Thu I

IBM INTERNAL NEWS (Archive)

670×642

No articles for today

670×642

#### INDUSTRY NEWS (Archive)

#### Internet Service Providers

- 360networks ends buyout---Withdraws from acquiring Internet service provider (Τοτοπίο star)
- Easy Rider (PC Computing)
- PSINet Devolution Continues (Newsbytes News Network)
- Word Of Conference Call Drops Excite Shares (Newsbytes News Network)
- The Miami Herald Chatroom Column (Knight Ridder Tribune Business News KRTBN)
- 360networks Inc. withdraws plan to acquire Internet service providerNetRail (The Canadian Press)
- INTERNET: State ISP likely to go solo first, look for partner later (Bangkok Post (Thailand))
- Freeserve CEO: Trying To Make 'Broadband Britain' Dream A Reality (Broadband Networking News)



## **Description**

Modify my news

MyNews FAQs

Search MyNews

All IBM news

Help

- Automated news feeds from numerous and varied news sources
- Allows individuals the option to choose from various "channels" of information, both w/in their respective organization and across industries / areas of specialization (300 channels)
- Company-wide authoring and publishing
- Personalization provided at the main page level as well as at the application level
- 173,000 subscriptions

- Enhances individuals' knowledge about their respective organization and about their industry or specialty area
- Delivers the information that the individual wants to see -- and nothing else
- Personalized content boosts individual productivity and efficiency and contributes to higher-quality decision making
- Enterprise license to news feed vs. department saved 50% on duplicative licenses (\$1M+ annually)

Welcome, Scott J. Smith

Modify my profile | Sign out

IIM.

Blue Pages

June 20, 2001

19

Last

Change

Open

High

Low

Vol (00s)

52wk High

52wk Low

Quoted at: 4:05 ET on Jun

Q Search

114.84

+ 0.57

117.00

117.25

114.56

61,536

134.94

? HelpNow

Feedback

Search BluePages

w3 Home

Scorecard: IBM's Performance MyNews

→ CLOSE.

Lou's w3 Pages

About IBM

About w3

Article Index

Scorecard Links

First-quarter 2001 Report

The Street

The Players

Variable Pay & IBM's

Performance

The Press

#### 3 Month Chart



80.06 Main Competitors' stock prices (Quoted at: 04:05 EST on Jun 19)

Company	Last	Change	Vol (00s)	52wk Hi/Lows
Advanced Micro Devices Inc (AMD)	24.99	- 1.41	113,051	47.72 / 13.56
Cisco Systems Inc (CSCO)	16.63	+ 0.13	573,612	70.00 / 13.19
Compaq Computer Corp (CPQ)	13.60	- 0.15	107,599	35.00 / 14.14
Computer Associates Intl (CA)	32.44	+ 0.19	23,676	58.25 / 18.13
Computer Sciences Corp (CSC)	38.73	+ 0.51	10,111	85.88 / 28.99
Dell Computer Corp (DELL)	23.67	- 0.25	246,880	54.67 / 16.25
Electronic Data Systems (EDS)	61.35	+ 0.05	25,172	67.40 / 38.38
EMC Corp (EMC)	26.67	- 0.93	218,488	104.94 / 25.05
Gateway Inc (GTW)	15.31	+ 0.21	10,693	73.06 / 14.18
Hewlett-Packard Co (HWP)	26.00	- 0.71	58,065	68.09 / 25.00
Hitachi Ltd (HIT)	97.05	+ 1.31	444	146.25 / 73.55
Intel Corp (INTC)	26.67	- 0.88	604,454	75.81 / 22.25
Lucent Technologies Inc (LU)	5.50	- 0.19	278,193	62.86 / 5.50
Microsoft Corp (MSFT)	67.32	+ 0.44	317,345	82.88 / 40.31
Oracle Corp (ORCL)	16.76	+ 1.92	1,231,323	46.47 / 13.00
Peoplesoft Inc (PSFT)	40.62	+ 0.97	67,520	53.88 / 13.13
SAP AG (SAP)	34.93	+ 2.04	9,983	68.88 / 23.57
- comment - comment				

#### know the business

Ad campaign targets buvers

Innovations

IBM Annual Report IBM Global Services Info about Competitors

**◆ EXPAND**

### work with my team

Share IBM research with customers

Research and financial services

Using Persona Innovation centers e-meetings center Instant Messaging **New Forums** 

**◆ EXPAND**

### apply the tools

"Going Wireless" New book helps customers

Signature Selling Method Professional development e-business@IBM The "How To" Library IBM Travel Website Standard Software <u>Installer</u>

**◆ EXPAND**

### get personal

You can make a difference and make the world a Integrated

Technology

Services

GO

Site Index Strategy and

Profile

Scorecard

Charts

Updates

Leadership Team

Presentations

IBM Global Services Web Sites

Competition

Sales Support

Marketing

Knowledge and Learning

Tools and Resources

**IBM Global Services - Scorecard** 

Blue Pages Q Search ? HelpNow

Strategic

Outsourcing

Feedback

Learning

Services

Geographies

Industries

Services Site Search

## Performance Scorecard

#### **Overall Performance**

Business

Services

Innovation

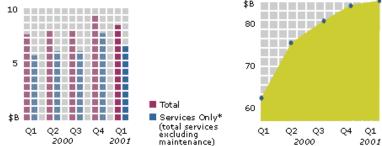
This site features regular updates each guarter on IBM Global Services' performance, looking at financial, operational and strategic measures.

At the end of each quarter, we will provide a retrospective analysis of performance, including details by geography and line of business. During the intervening months, we will measure performance against a set of strategic and operational initiatives.

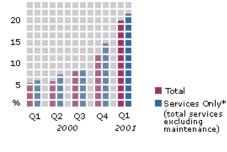
Revenue is stated in actual dollars. Revenue growth figures are stated in constant currency. Signings represent the total value of new services contracts. Backlog is the value of our contract portfolio. e-Business Services Revenue refers to discrete e-business services offering.

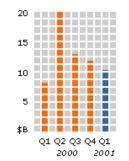
#### Spotlight: Overall Performance











Signings

e-business Services (Revenue Growth)

00

Scorecard Links Overall Performance

Geographies

Lines of Business

Quarterly Letters

Personal Scorecard

#### Other IBM Business Unit Scorecards

Corporate Report

Americas Sales & Distribution

Asia Pacific

**Business Transformation** 

**EMEA** 

IBM Global Financing

IBM Global Services

Personal & Printing Systems Group

Research

Sales & Distribution

Server Group

Software Group

Storage Systems Group

Technology Group

**Executive Letters** 

w3 Home

MyNews

About IBM

About w3

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**Features** 

Related Links

Personal & Printing Systems

Moffat

Group

Perspectives

Letter from Bob

Other Scorecards

Americas Sales & Distribution

Asia-Pacific

Distribution IBM Global

Financing

Research Server Group Software Group Storage Systems

Group

Europe, Middle East, Africa Global Sales &

IBM Global Services Personal & Printing Systems Group

Technology Group

Lou's w3 Pages

Blue Pages

Q Search

? HelpNow

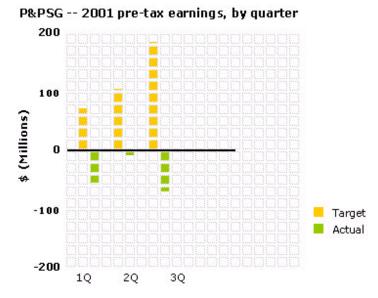
Feedback

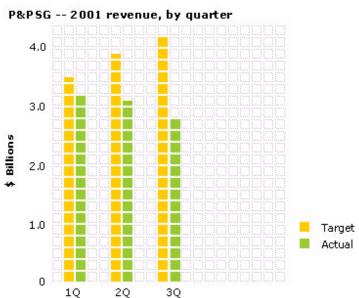
October 23, 2001

Scorecard 3Q01

## Personal & Printing Systems Group







#### Personal & Printing **Systems Group Metrics**

PPSG Scorecard

Market Share

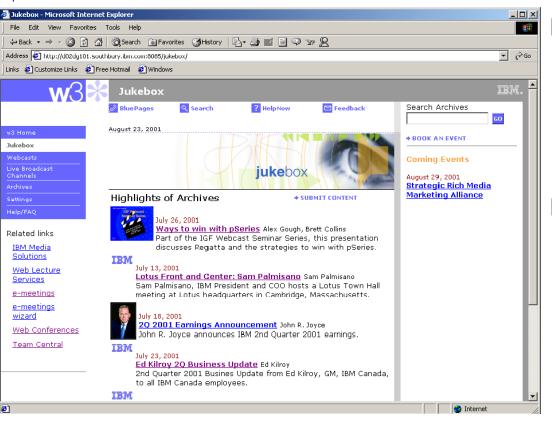
Customer Satisfaction

Personal Computing Division Scorecard

## **IBM's Dynamic Workplaces Strategy**

- Render the complexity of the company irrelevant for employees
- Bring the marketplace inside
- Equip employees for the journey
  - Media Jukebox
  - Instant Messaging
  - e-meetings
  - e-learning
  - How To

## **Media Jukebox**

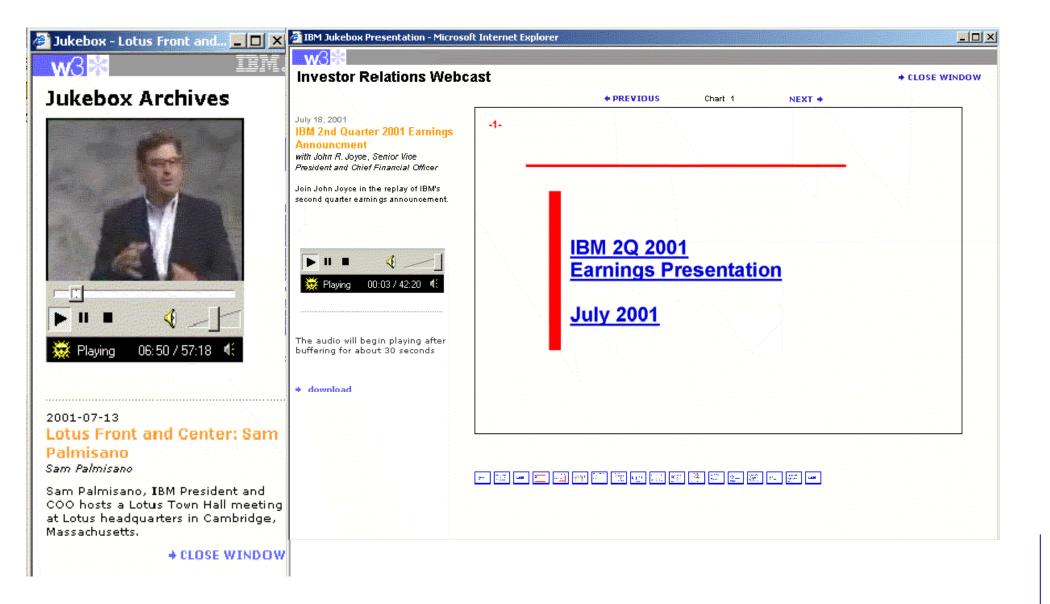


## **Description**

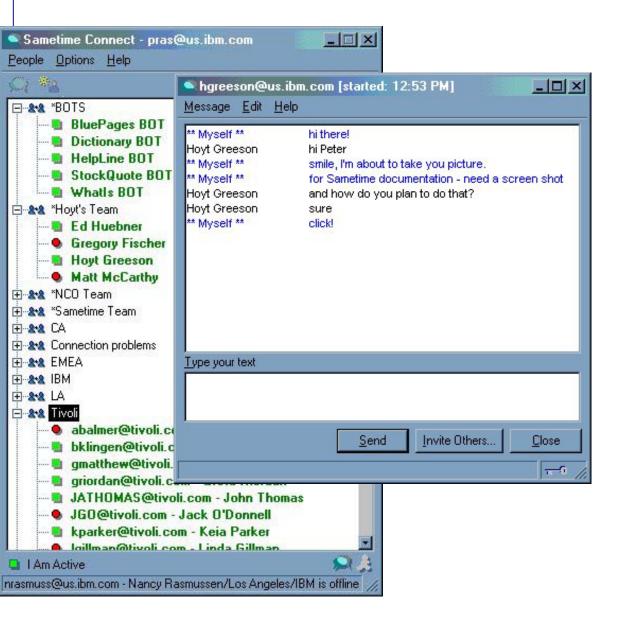
- Experience audio/video live or access "after the fact" via playback service
- Online presentation authoring and publishing

- Enhanced employee efficiency and knowledge sharing/distribution
- Provides real-time access to knowledge anytime, anywhere
- Eliminates unnecessary event related travel, lodging and coordination/preparation costs

## **Media Jukebox**



## **Instant Messaging**



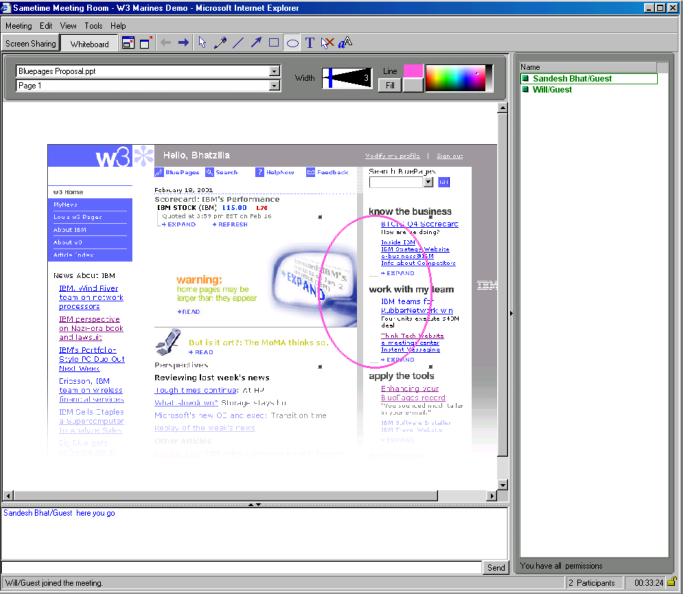
## **Description**

- Consists of 3 basic components:
  - -- The list of 'who is online' and available to talk,
  - -- An initial contact message
  - -- The ongoing conversation.
- Displays a rather extensive list of groups and people currently online.
- 225,000 Registered Chat users
- >1 Million Chat messages each day
- Lotus Sametime Connect 1.5.5.

#### **Benefits**

 Productive and more efficient collaboration. Whether you send a quick questions to your coworker who sits down the hall, or in another time zone, or conduct worldwide team conference chats, Sametime saves time and money.

## e-meetings - enabling real-time collaboration



## **Description**

- 65,000 Registered e-meetings users
- 47,000 person-hours in emeetings each month
- 6.34 average attendees/meeting
- 1.86 hours is average length of meetings
- Within and outside company

- Saves travel costs, meeting coordination / setup costs, and productive work time
- Helps plan and orchestrate meetings
- Provides convenience for meeting attendees.
- Opportunity cost to hold global meetings.

## **Global Learning Portal**



## **Description**

- Web portal to learning environment
- Enables use of video, audio, and multimedia technologies to enhance learning experience
- Integrated course catalog browse, search, and select functions for over 38,000 learning 'events'
- Course completion tracking to track employee skill development progress

- More than 200,000 employees have received education and training online
- Just-in-time learning for employees who don't have time to sit in a classroom
- Over \$350M in annual savings with an increase in learner satisfaction and courses delivered
- 40% of training via Web

## eHR - You and IBM



#### Find it fast!

All Topics Index Contact & Phone List Forms & Apps **Manager Services** Payroll Services When Life Changes Legal Notices Formal HR Documents

#### You and IBM - United States

Feedback

#### Watson Scholarships expand horizons

Children of IBMers start in the direction of their dreams thanks to a special scholarship program.



#### Talking About Diversity

Who really benefits? Good question. Who does benefit from IBM's commitment to diversity? The short answer is everyone -- each of us individually and the company as a whole.

#### Other Articles

Let's better connect: And influence IBM's future Good health: The basis for all you do One-stop service: ESC IBM takes girls to summer camp: 600 sixth and seventh graders get technical

New attitudes, different approaches: Global Pulse Survey Make a difference: And the world will be a better place

#### Your Money

Money Matters, Learn all you can about how to make it, grow it, and protect it at IBM. Find out about base pay, variable pay, commissions, pension plans, insurance, stock ownership, IBM 401K - TDSP and other offerings in Your Money.

#### Your Health

Your good health is important. IBM helps pay for exercise classes and other wellness programs. Plus, medical, dental, and vision bills, for you and your family. Check out Your Health for a complete picture.

+ GO

#### Your Life

Adopting a child? Buying a house? Paying for college? Contributing to charity? IBM helps you do all that and more. Find out in Your Life.

#### Your Career

To help chart your career course, IBM provides some great tools. Check out Your Career and get ready to chart your own course.

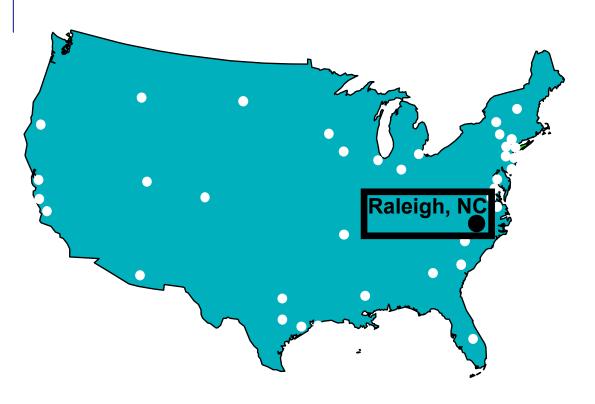
are you looking for manager services

## **Description**

- Complete access to Financial, Health, Benefits, Life, Career, Expense applications
- Direct linkage to many of the Financial Services providers
- Dedicated call center support

- Increased customer satisfaction from 40% to 90%
- Moved our ratio of Employees to HR staff to a best of breed – significant cost savings in the ratio

## **Transforming Human Resources**



## **HR Support**

- Personnel records
- Compensation
- Benefits/retirement
- Employment / recruitment
- Opinion survey
- Executive resources

## **HR Service Center**

- Subject matter experts
- Advice and counsel
- Management support

## e-care for employees

• 24/7 self-service info, tools, education

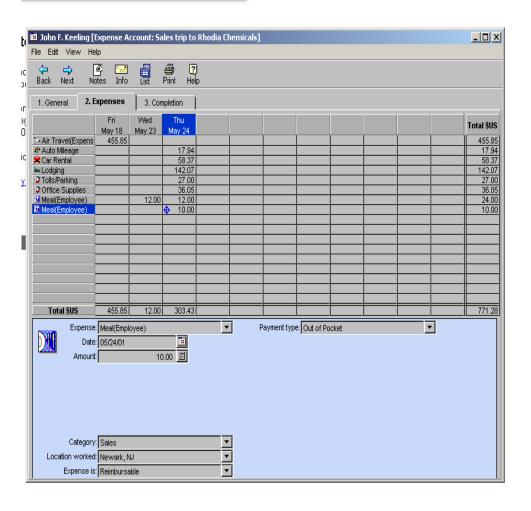
# HR operations centers
# Key US applications
# HR data source files
HR US head count
US Ratio HR/employees

1992	2000	%
38	1	-97%
168	76	-55%
21	1	-95%
3,400	1,400	-59%
1:61	1:108	+64%

ா்3M Global Services

## "Expense Account 2000" - expense tracking, submission and credit card payments.

## Expense Account 2000



## **Description**

- Allows expenses to be directed to a particular charge code or defaulted to user's department code
- Copies supervisor for approval step
- Enables automated matching against corporate credit card expenses
- Enables automated payment of individual's corporate credit card

- Significantly reduced paperwork and expense coordination
- Enhanced efficiency of the expensed process
- Reduced operations costs

## **Transformation of Finance**

	1994	2000
Finance data centers	67	8
Key applications	145	61
Accounting close (days)	18	7
E/R	3.2%	1.5%
Full-time employees	14K	10K

BluePages

Search

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Lou's w3 Pages About IBM

About w3

Article Index Features

Perspectives

Still stumped?
Submit your
suggestions
for future
"how to"
articles.

Article Index > Feature >

#### **How To**

## The Index of How

A listing of "how to" articles



**For quite a while now**, w3 has been publishing articles designed to provide IBMers with some good instructions and tips about working here — and about working in general. Here is an index of those articles, how to's on topics that range from speaking in public to conducting an emeeting.

#### PROFESSIONAL ADVICE

Articles to help bolster your own job performance

Assess yourself

Jump-start your job

Leadership skills

<u>Learn</u>

Learn online

Manage your boss

Manage your e-mail

Manage your time

**Negotiate** 

Secure your desktop

Set up a stress-free work space

Speak in public

Travel right

Work late

#### **TEAM INFO**

Ways to work better as a team

<u>Jam: problem</u> solving

Lead a team

Manage knowledge

<u>Meet: e-meetings</u>

Meet: face-to-face

Meet: video conferences

<u>Mentor</u>

#### TOOLS TO NAVIGATE IBM

How to use tools that help you with the processes at IBM

Cut through bureaucracy

IBM stock: employee stock purchase

<u>program</u>

Map of IBM

<u>Persona: adding it to your Bluepages</u>

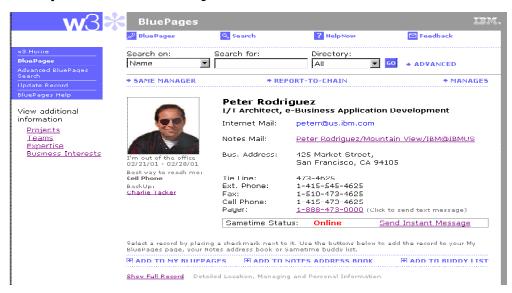
<u>entry</u>

## **IBM's Dynamic Workplaces Strategy**

- Render the complexity of the company irrelevant for employees
- Bring the marketplace inside
- Equip employees for the journey
- Tap into the company's collective knowledge
  - BluePages/Persona
  - WorldJam

## "BluePages" Worldwide Enterprise Directory

#### Corporate e-Directory



#### **Employee Record**



### **Description**

- One universal directory leveraged by a large population and numerous business applications
- Supports end-user and application directory search and authentication; provides multiple fields as search criteria and wildcard searches
- Scalable and extremely high availability solution
- 50+ applications can access directory data through various interfaces; end users through the intranet (helps optimize IT infrastructure)

#### **Benefits**

- Service 1 million+ hits per day; peak 8000+ per minute
- Utilized by 400,000+ users globally
- Maintains a single Worldwide Enterprise
   Directory eliminating individual directory tools by person or application
- Provides a single authentication profile
- Saves IBM 400,000+ productive hours annually
- Estimated savings to IBM is conservatively \$10 million annually

#### w3 Home

BluePages Home

BluePages Enhancements BluePages Help text\_only



<b>'e</b>	DIRECTORY RECORD	
	Name:	Erdmenger, Joerg
	E-mail Address:	Joerg Erdmenger/Germany/IBM@IBMDE
	Ext. Phone:	49-7031-16-0 x3677
	Tie Line:	120-3677
	Job Responsibility:	Dipl. Ing., Technische Informatik

**Note:** 

denotes information that is user-supplied, and therefore not secure.

#### Projects

\* Tivoli Data Protection for R/3 \*

1999/01/01 - now

skills: C/C++, OO, Oracle, RMAN, SAP R/3 Admin, Data Protection,

Backup concepts, Networking, Storage,

AIX, Win32, HP-UX, Tru64, Solaris, Linux

\* Clinical Management System - Prototype for Fresenius \* 1997/08/01 - 1997/10/31

skills: Java, San Francisco Framework, DB2, OO Patterns

GUI, TCP/IP, client - server

\* Zeus for Java ( Prototype ) \* 1997/05/01 - 1997/07/31 skills: Java, DB2, OO Patterns, GUI

\* Admira V2.0 \*

1997/01/26 - 1997/04/30

skills: Java, DB2, TCP/IP, client - server

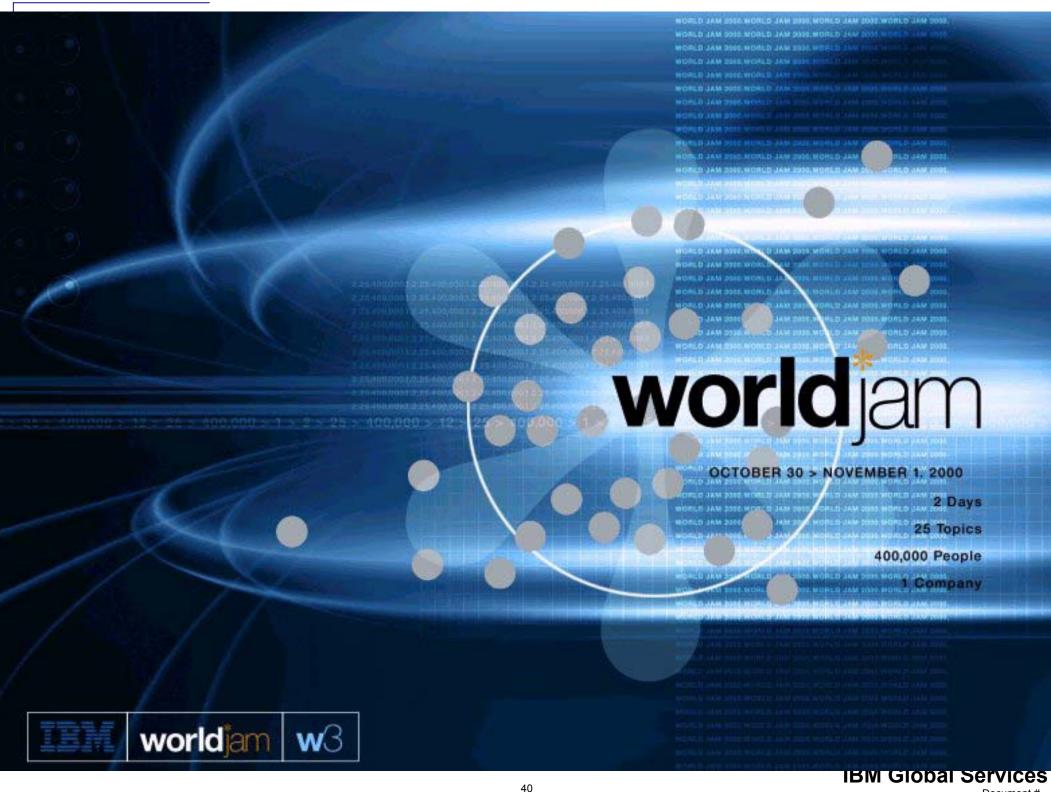
digital media, Windows NT 4.0 (clients),

AIX 4.2 (server), ADSM

\* Daimler Benz / DEWE - Digital Media Archive - Prototype \* 1996/08/01 - 1996/10/25

skills: HTML, TCP/IP, client - server,

.digital media, Windows NT 4.0 (server / clients)



## worldjam

## 72 Hours

## 10 topics

- Work/Life Balance
- Building relationships with new I/T decision makers
- Leading customers to new ideas and solutions
- Unearthing new opportunities
- Making decisions with few facts
- Staying connected to IBM as a mobile worker
- Integrating IBM
- Championing a not-favored idea or venture
- Using speed to enhance quality
- Retaining employees

BluePages

Search

? HelpNow

Feedback

w3 Home

World Jam Coda Discussion Forums

**Great Ideas** 

Thinking Tools About World Jam Coda World Jam Coda Help

#### 10 Great Ideas

## ready, set, go!

presenting the current top-voted ideas in each of the 10 forums

World Jam participants have cast their vote for the leading ideas or solutions in each of the forums. Go ahead, read the summaries and then take a closer look at the comments voted into "10 Great Ideas." Perhaps you'll find one that fits your needs or helps solve a problem.

#### Coming soon: complete forum vote results.

ideas by forum number:



#### new relationships, new ideas

#### → Forum 1. It's not just the CIO anymore.

Peer to peer. Use the IBM counterpart to your line-of-business customer to help make sales calls, set up seminars and forums, and open doors. Read the original comment and idea.

## Forum 2. Thought-leading your customers.

Do the demo: We've already built brief demos of concepts like mobile trading, etc., to show off skills to a specific customer or broader industry idea. Read the original comment and idea.

#### Idea Vote Count

Idea Vote Count Ready Now: 36

Almost Ready: 8

Ready Now: 47 Almost Ready: 16

#### traveling without a map

### Forum 3. Unearthing hidden opportunities.

Unearthing embryonic opportunities begins with a platform or workspace that fosters Ready Now: 27 innovation, where brainstorming and idea flows are part of the daily fabric of the environment.

Read the original comment and idea.

#### Idea Vote Count

Almost Ready: 11

#### Forum 4. Planning without precedents.

Do a SWOT: Strengths, weaknesses, opportunities and threats analysis on your personal plan and factor in your strategic plan. The net result: a deductive and intuitive sensitivity

Read the original comment and idea.

#### Idea Vote Count

Ready Now: 22 Almost Ready: 15

#### managing an e-worklife

Forum 5. Supplying the glue.

Developing a critical mass of users is key. Read the original comment and idea.

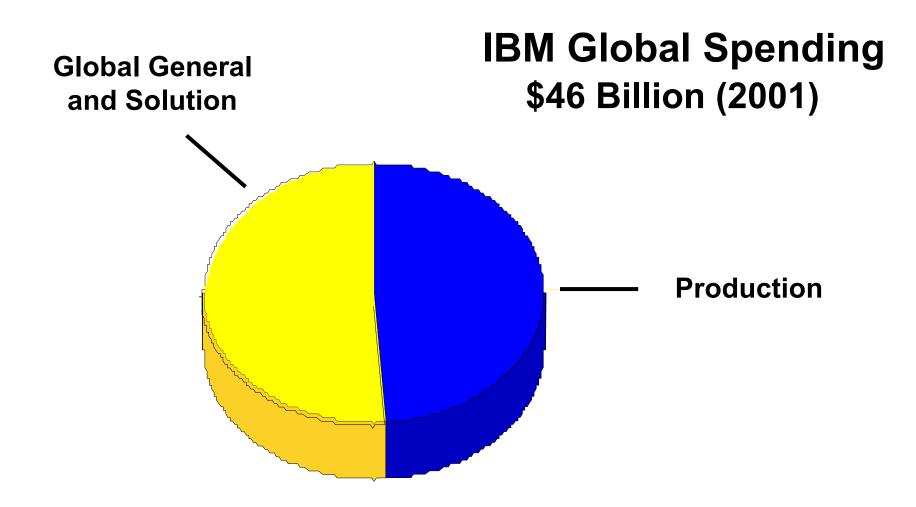
Idea Vote Count

Ready Now: 30 Almost Ready: 27

## worldjam

- 52,595 employees
- More than 6 million total hits
- More than 6,000 ideas
- More than 263,000 views of posted ideas
- More than 2,000 new introductions made

## Procurement at IBM is \$46B in spend in 2001 is split between direct and indirect and is global in nature



## We have been able to achieve significant results

Business Metrics	Early 1990's	<u>Today</u>
Escapes (By Pass)	45%	<1%
Audit Satisfaction	47%	91%
Client Satisfaction	40%	81%
P.O. Processing	30 days	1 hour
Cycle Time		
Avg. no. contracts per supplier	5	1
Supplier Survey Rating	5	1
Contract Cycle Time Length	6-12 months 40 (+) pages	30 days 6 pages
Electronic purchases	12%	99%

We are not consultants doing procurement...

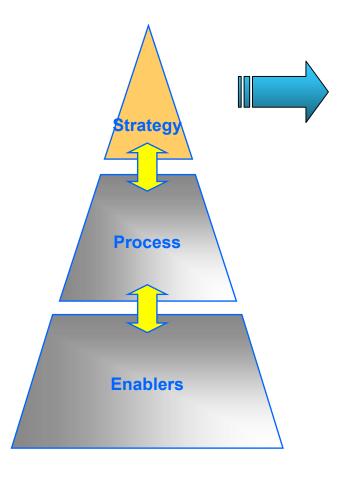
We are procurement people doing consulting

## External Recognition 1999 - 2001

Award	Organization
36 Business Method Patents Filed	U.S. Patent Office
Business Consortium Fund Star Award	National Minority Supplier Diversity Council
Minority Coordinator of the Year-Ron Duquette	New England Council of the National Minority Supplier Diversity Council
National Quality Award: e-Procurement	Taiwan Industrial Development Bureau, Ministry of Economic Affairs
Florida's NMSDC Corporation of the Year	Florida Council of the National Minority Supplier Diversity Council
Top Companies for Women and Minority Companies	Working Women Magazine
Billion Dollar Roundtable	Minority Business News USA
Minority Coordinator of the Year-Phyllis McCarley	NY/NJ Council of the National Minority Supplier Diversity Council
Minority Business Development Award	US Dept. of Commerce & Minority Business Development Agency
Mentor-Protege Program Recognition	Defense Information Systems Agency
Medal of Professional Excellence	Purchasing Magazine

IBM's procurement transformation framework incorporates the elements of strategy, process and enablers

Procurement Transformation Framework

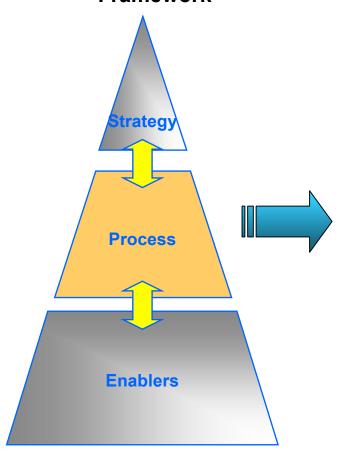


## IBM Procurement Strategic Imperatives

- 1 Continually Deliver
  Lowest Overall Cost and
  Greatest Competitive
  Advantage
- 2 Establish Premier Supplier Relationships
- 3 Maintain e-Procurement Leadership
- 4 Continually Drive
  Improved Client
  Perception of Our Value
  through Increased
  Influence and Exemplary
  Customer Service
- 5 Attract, Motivate and Retain the Best Talent Within Our Profession

# IBM's procurement transformation framework incorporates the elements of strategy, process and enablers

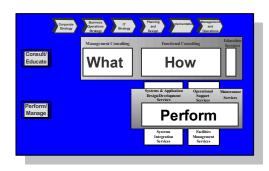
### Procurement Transformation Framework



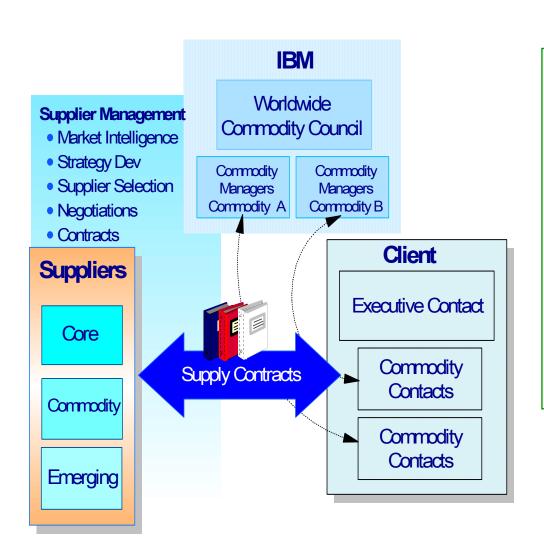
### **Processes**

- Strategic Sourcing
- Formation of sourcing teams / councils
- Strategy development
- Contracting structure
- Negotiation / implementation of agreements
- Supplier management
- Process Reengineering
- Policy, procedure, operations analysis
- Information requirements
- Commodity standardization
- Metrics
- Procurement through payables





## Councils are responsible to drive procurement competitive advantage

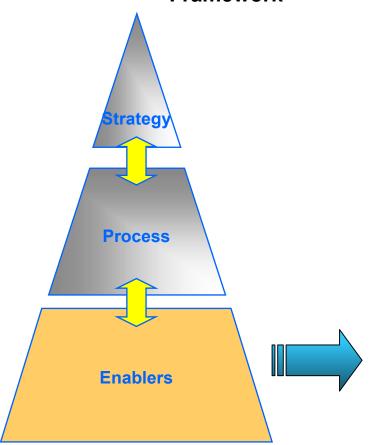


## **Council Responsibilities**

- Worldwide sourcing strategy, contracts and supplier relationship management
- •Global cross-functional teams
- Supplier integration with development
- •Drive commonality and standardization
- Foster design for supply

## Business and technology enablers must support the strategic imperatives and processes

### Procurement Transformation Framework



### **Enablers**

- Systems Integration
- Development / Testing
- Project management
- Hosting
- ERP and e-Procurement applications
- Maintenance
- Security
- End user support
- Change Management
- Business transformation across enterprise
- Skills / education
- Governance
- Communications

#### Select Best of Breed Open Standard Architecture And Tools



























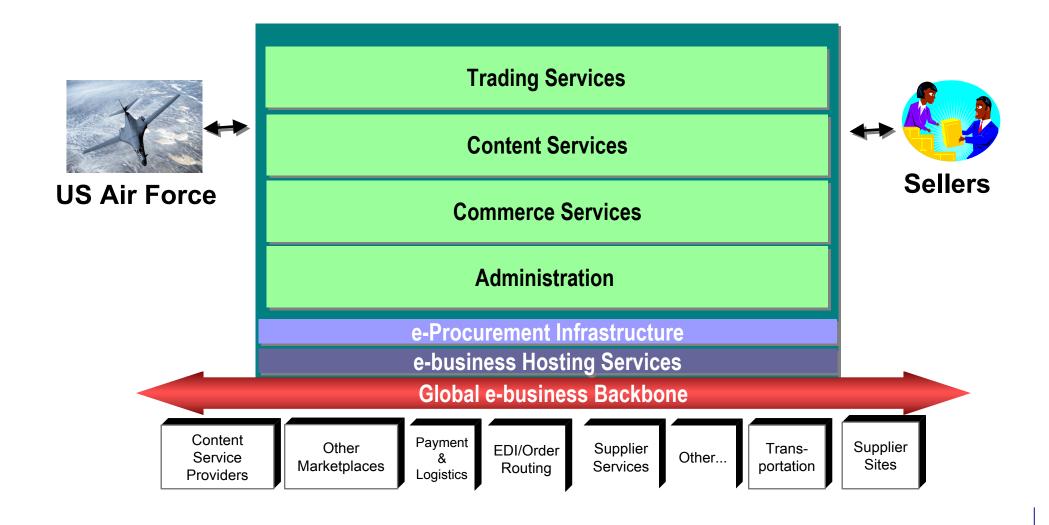








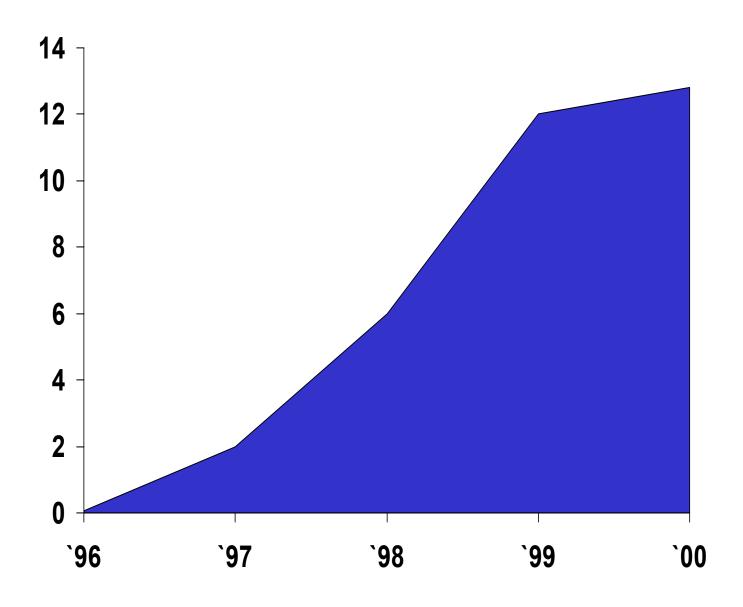
## e-Procurement Business Architecture



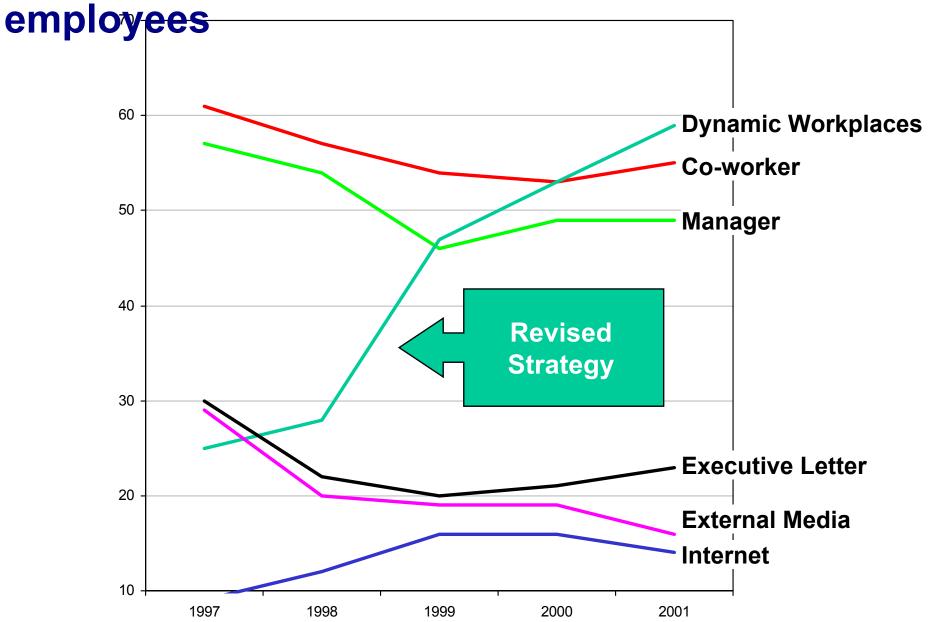
## **IBM's Dynamic Workplaces Strategy**

- Render the complexity of the company irrelevant for employees
- Bring the marketplace inside
- Equip employees for the journey
- Tap into the company's collective knowledge
- Redefine the manager/employee relationship

## **Average Number of Daily Hits (Millions)**



## IBM's Dynamic Workplaces has transformed the relationship between the company and the



Question: Best (credible, preferred, useful) sources of information about IBM to get job done

## How to reestablish co-worker and manager as #1 and #2

"Communities of practice are the new frontier. They may seem unfamiliar now, but in five or ten years they may be as common to discussions about organizations as business units and teams today--if managers learn how to make them a central part of their companies' success"

-Etienne Wenger and Bill Synder Harvard Business Review, January-February 2000

## IBM's own Dynamic Workplaces™



**IBM Global Services** 

## **w3 Sample Benefits**

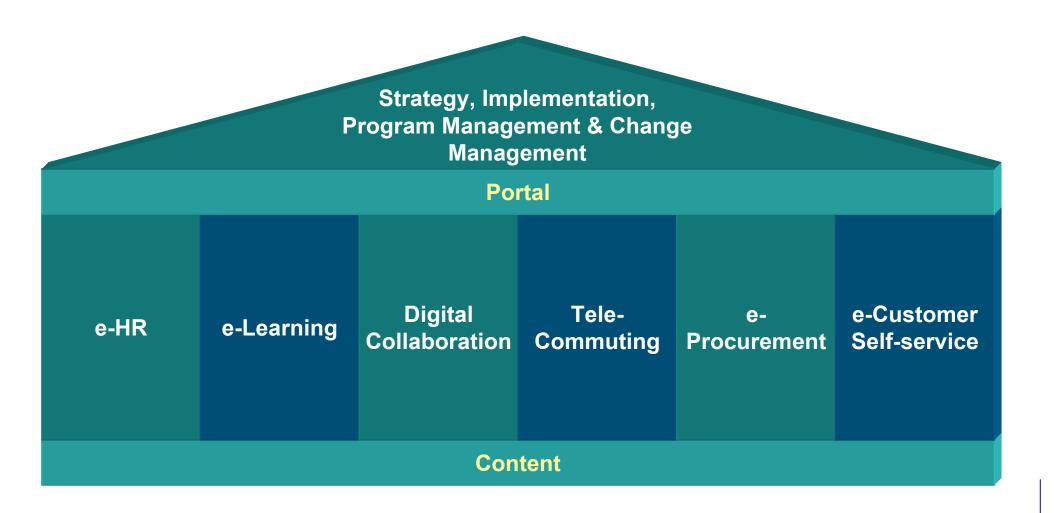
## ROI:

- e-Procurement over \$12 Billion (5 years)
- e-learning over \$350 million in 2001
- Customer self-service over \$700M
- On-line Health Enrollment over \$1M in 2000
- Blue Pages estimated \$10M
- Consolidating News Sources \$2M
- HR Process Reengineering reduced costs by 40% and increase satisfaction to 92%

## Transformational:

- A key tool to facilitating the integration of IBM from the disintegration strategy of the early 90s
- w3 is the most useful and trusted source of information for IBM professionals to get their work done

## The Dynamic Workplaces is comprised of the following components



## **Lessons Learned**

- Workforce strategy drives the Dynamic Workplaces strategy.
- The Dynamic Workplaces is an integrating platform.
  - Integration to legacy systems is key
  - Don't automate... Reengineer
  - Internationalization is more than translation
- Someone has to own it.
- Don't rely solely on internal "experts"
- Get suppliers involved early
- Start with a strategy... end with technology

## **End of Presentation**